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Bychkova Marina,

Student,

Graduate School of Economics and Management

Ural Federal University named after the first President of Russia Boris Yeltsin

Yekaterinburg, Russia

Zh. S. Belyaeva,

PhD, Associate professor,

Graduate School of Economics and Management

Ural Federal University named after the first President of Russia Boris Yeltsin

Yekaterinburg, Russia

HOW ORGANIZATIONAL STRUCTURE FITS A CORPORATE CULTURE: THEORY AND CASE STUDIES*Abstract:*

Experts emphasize that the corporate culture of the organization comes to the fore in the context of economic and other transformations that directly affect both the society and the business. The purpose of this article is to analyze the connection between corporate culture and organizational structure.

Keywords:

corporate culture, organizational structure, classifications of corporate culture.

According to A. Meshkov, corporate culture is a set of basic ideas, values and norms inherent only in the specific organization, formed in the course of joint activities to achieve common goals, acquired in solving problems of adaptation to the external environment and internal integration, which have proven their effectiveness, setting guidelines, manifested in behavior, interaction, perception of oneself and the environment, forming a sense of common destiny [1]. Like any other complex mechanism, corporate culture requires management: planning, shaping and, if necessary, changing. In E. Pervakova's work, during the analysis of how frequent the references to parameters of corporate culture in articles were, following factors of importance for business efficiency were pointed out. The highest number of mentions as a factor of business efficiency was given to the mission and image of the organization, secondly the atmosphere in the team, and the last one was the orderliness and coordination of employees' actions [2]. One of the most important studies of the corporate culture was first proposed by Edgar H. Schein. He defines it as "a model of behavioral norms shared by all, which has been used in the past and is recognized as correct and, therefore, should be given to new members of the organization for assimilation as the only correct way of perception, representation and attitude...". Schein outlines three levels of corporate/ organizational culture, which are surface, internal, and deep. The relationship between the levels Schein defined as hierarchical [3].

One of the most famous typologies of corporate culture is the typology of Charles Handy; four categories are based on what this structure is focused on [4].

Another significant typology which was introduced by Fons Trompenaars. The typology is the result of analysis of 60 national cultures that Trompenaars has been doing for 25 years. During the research, he stated that some countries, due to the peculiar features or national characteristics, fit some types of corporate culture better. For example, strict hierarchy of "Eiffel Tower" is more suitable for Germany or Denmark, while non-formal "Family" type is more popular in Russia or Asian countries. "Guided Missile" culture is characteristic for Anglo-Saxon countries, and, considering democratic and self-development focus, it's quite unsurprisingly that some Northern countries go for "Incubator" [5].

Table 2 – C. Handy's corporate culture typology

Power	Role	Task	Personal
High pace	Bureaucratic, role specific	High pace, silo	Individual centred
Dominance of Individuals	Lack of innovations	Team-oriented	Organized around owner
Active and direct involvement of owner	Organic growth	Highly ambitious	Entrepreneur driven

Table 3 – F. Trompenaars' corporate culture typology

		Egalitarian			
People-oriented	Incubator		Guided Missile		Task-oriented
	Family		Eiffel Tower		
		Heirarchical			

A. Kolesnikov in his study of 2017 "Specific impact of corporate culture on organizational structure" states that corporate culture's main purpose is to maintain the chosen balance of power and, in its main parameters, correspond to the established balance between the tendencies of centralization and decentralization in the organizational structure. Moreover, it is necessary to take into account such factors as the size of the organization, the industry specifics, the degree of division of labor, the level and quality of training of employees, the norms of corporate social responsibility, the state policy, etc. In almost every case, the size of organization has a significant value on configuration of the organizational structure. Bigger organizations tend to decentralize more, because of territorial fragmentation and diversification of activities. Also production units are often isolated from the corporative center, which decentralizes the company as well. [6]

Table 5 – Types of corporate culture by J. Coal

		Level of employees' participation in the organization management	
		Low	High
Motivation of employees	Social	Organic	Participative
	Economic	Beurocratic	Market

It must be noted, obviously, that quite often it's impossible to find such organizational structures in pure form in real businesses. Most of the time the companies have to deal with the mix

of mechanistic and organic organizational structures, with the predominance of one of them. That's why A. Kolesnikov outlines four types of corporate culture, taking the approach of J. Coal [7] as a basis, but making minor additions to it.

The first observed case is IKEA. One of the main factors of its success is a strong corporate culture, which unites employees, and influences their relationships with others. Clear moral principles guide the behavior and actions of employees in any situation. This is their reliable protection against corruption and fraud, more effective than job descriptions and contracts on material liability. In the process of personnel selection in all divisions of the company, candidates are evaluated for their compliance with corporate values. Anders Dahlvig, former president of IKEA, actually mentions main elements of IKEA's corporate culture:

1. The importance of what I do;
2. Recognition of work results;
3. Trust in employees, unity and cohesion with them;
4. Learn and develop while working [8].

Another rule of IKEA is that only if the manager wants to create a friendly team, the employees are going to have strength and desire to work. As Butov points out, in order to strengthen its corporate culture, IKEA allows the subordinates to evaluate the results of their managers' work, including their compliance with the company's values [9]. IKEA official values include "leadership by example": the way that managers act is expected to create an atmosphere of well-being for the employees. Therefore, IKEA can be sorted into following categories: Organic, Role, Incubator.

The second case is Sima-Land, a wholesale company which is notoriously famous for its somewhat absurd elements of corporate culture, like obligatory listening to the Russian's anthem and strict dress-code. All the activities which the administration provides, from dances to meetings with actors, sportsmen, etc., are mandatory.

The ethnic diversity of the staff is not great at all. According to ex-employees' anonymous interviews, during the hiring process there is an attitude to hire Christians and not to hire Tatars and "guests from the near abroad" [10]. The power of position in the company is undoubtable: as ex-employees claim, "the boss disposes of people as he pleases". According to interviews, the company considers its workers as human resources and they can be fined or even fired for breaking even the smallest rule. Ex-CEO of the company, Denis Veshkurtsev stated in the interview: "When we hire a person, we look at their moral qualities, and only later on professionalism. Because if they are an expert..., but a bad person, then we will not work with them anyway." That allows to fit "Sima Land" into following categories: Beurocratic, Power, Eiffel tower.

The last case is Tesla. Tesla's organizational culture integrates ambitious innovation and lack of bureaucracy. The company's whole activity is based on innovations; incredibly high standards require specialists to be hired. Suggestions and ideas about improving the working process are always encouraged, even if it's not directly in the employee's responsibilities. Reduces hierarchy friction. There's no traditional manual for new employees with rules and standards of behavior, as E. Mask believes that "the rules are to show where the bottom is- how badly you have to do your job to be shown the door" [11]. At last, main features of corporate culture in "Tesla" permit to define it in those categories: Market, Task, Guided Missile.

Now, when the distribution of companies into categories based on types of corporate culture is done, we must once again return to the question: why do organizations need corporate culture?

Corporate culture exists in every organization on every stage of development, no matter the spheres of activity. The companies which were observed in this study are undoubtedly different, following different directions and providing different goods and services. Nevertheless, as Zinovieva mentions, in order to make corporative values work, they have to be regulated and cultivated into the working community [12]. It's very important that the employees not just obey the values of the organization, but share them sincerely and associate those corporate values with their own. "IKEA" and "Tesla" have already reached this level of corporate culture, while in "Sima Land" corporate culture is more of a burden for the most of its workers. But of course, there must be made an allowance on the countries of origin and their level of development and on current economic situation. Still,

“Sima Land” must review many aspects of its development, including the corporate culture. It’s highly suggested to change some aspects of corporate culture to make the environment more comfortable for the employees, due to employees being any company’s most important asset. Perhaps a corporate culture specialist could be hired to find new directions.

Table 6 – Final distribution of the companies

	IKEA	Sima	Tesla
Country of origin	Sweden	Russia	USA
J. Coal	Organic	Beurocratic	Market
C. Handy	Role	Power	Task
F. Trompenaars	Incubator	Eiffel	Guided Missile

As a result, it is possible to conclude that corporate culture and its growth are crucial in the organization and management of a company, and that the larger the company becomes, the more effort its management should make to organize a proper corporate culture.

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